

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6907**

**BILL NUMBER:** HB 1811

**NOTE PREPARED:** Jan 24, 2003

**BILL AMENDED:**

**SUBJECT:** Various tax matters.

**FIRST AUTHOR:** Rep. Crawford

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill contains the following provisions:

- (1) It limits a Sales Tax exemption for hot tubs.
- (2) It prohibits the assignment of the right to a refund of Sales Tax paid by a retail merchant for a sale related to an uncollectible account receivable.
- (3) It requires a registered retail merchant's certificate to be renewed each year.
- (4) It requires the filing of an amended Indiana return when modifications in a taxpayer's federal return results in a change in the taxpayer's adjusted gross income.
- (5) It eliminates a requirement that a withholding agent that makes electronic adjusted gross income deposits file a quarterly return.
- (6) It expands the penalties applicable to a person who does not register an aircraft and pay applicable gross retail taxes.
- (7) It eliminates the requirement that the Department of State Revenue collect vehicle identification information on a tax return.
- (8) It allows the Department of State Revenue to remove a person who is not liable for unpaid tax from an assessment notice.
- (9) It also indicates that the limitation period on the issuance of an assessment does not apply to an assessment reissued to the persons liable for the tax.

(10) The bill repeals an obsolete law granting an expired investment credit and a criminal penalty for failure to provide motor vehicle information to the Department of State Revenue.

**Effective Date:** Upon passage; July 1, 2003.

**Explanation of State Expenditures:** *Department of State Revenue:* It is presumed that the Department could absorb any additional costs associated with this proposal.

**Explanation of State Revenues:** (1) This bill will narrow the scope of the Sales Tax exemption provided for the purchase of a hot tub prescribed for health reasons. Under the bill, a hot tub designed for simultaneous use by more than one person would not qualify for the exemption. The Department of State Revenue estimates that the exemption could increase Sales Tax revenue approximately \$200,000.

(3) The bill requires the annual renewal of a registered retail merchant's certificate. If the retail merchant has been delinquent with a Department filing the annual renewal fee is \$25, otherwise renewal is free. Registration fees are distributed in the same manner as Sales Tax revenue.

The other provisions of this bill provide clarification to existing law and are not expected to have a significant fiscal impact.

*Background Information:* Revenue from the state's 6% Sales Tax revenue is deposited in the Property Tax Replacement Fund (50%), the State General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Loan Fund (0.033%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue

**Local Agencies Affected:**

**Information Sources:** Tom Conley, Department of State Revenue, 232-2107

**Fiscal Analyst:** John Parkey, 317-232-9854